



TERRY E. BRANSTAD
GOVERNOR

OFFICE OF THE GOVERNOR

KIM REYNOLDS
LT. GOVERNOR

July 18, 2011

The Honorable Matt Schultz
Secretary of State of Iowa
State Capitol Building
Des Moines, Iowa 50319

Dear Mr. Secretary:

I hereby transmit House File 646, an Act relating to and making appropriations to certain state departments, agencies, funds, and certain other entities, providing for regulatory authority, and other properly related matters, and including effective date provisions.

House File 646 is, therefore, signed on this date with the following exceptions, which I hereby disapprove.

I am unable to approve the designated portion of Section 51, paragraph 4. This item exempts the Commerce Revolving Fund appropriations from a Governor's across the board reduction authority under Iowa Code section 8.31. While the Commerce Revolving Fund should not have financial issues due to the Commerce Department divisions having the ability to collect fees from the associated regulated industries to cover spending, there has been no previous exception to Iowa Code section 8.31. To approve an exception now would potentially open other entities wanting exceptions to the governor's financial management authority.

I am unable to approve the designated portion of Section 67, subsection 2(d), paragraph 3, in its entirety. This item allows the utilities division to spend any unused, unencumbered, or unobligated balance for purposes of the energy-efficient building project for fiscal year 2013. This section is unnecessary as the energy-efficient building project will be completed before the beginning of fiscal year 2013.

I am unable to approve the items designated as Sections 75, 76, and 77 of the bill in their entirety. These items appropriate money for fiscal year 2013 from the Medicaid Fraud Fund. The Medicaid Fraud Fund receives its funding from money it recovers from Medicaid fraud cases. Based on projected revenues and estimated expenditures for fiscal year 2012, the fund is

left with a balance less than \$1,000 for fiscal year 2013 which is insufficient to provide for the appropriations made in sections 75, 76, and 77. Therefore, this issue must be visited next session in order to determine a sufficient level of funding.

For the above reasons, I respectfully disapprove the designated items in accordance with Amendment IV of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in House File 646 are hereby approved as of this date.

Sincerely,

A handwritten signature in dark ink, appearing to read "Terry E. Branstad", with a large, stylized flourish at the end.

TERRY E. BRANSTAD

Governor